

**Saint Paul Planning Commission
City Hall Conference Center
15 Kellogg Boulevard West**

Minutes October 5, 2012

A meeting of the Planning Commission of the City of Saint Paul was held Friday, October 5, 2012, at 8:30 a.m. in the Conference Center of City Hall.

Commissioners Present: Mmes. Merrigan, Noecker, Perrus, Reveal, Thao, Wang, Wencil; and Messrs. Connolly, Edgerton, Gelgelu, Nelson, Ochs, Schertler, Spaulding, and Ward.

Commissioners Absent: Mmes. *Porter, *Shively and Messrs. *Connolly, *Lindeke, and *Oliver.
*Excused

Also Present: Donna Drummond, Planning Director; Joe Musolf, Lucy Thompson, Patricia James, Kate Reilly, Sarah Zorn, Scott Tempel, Lucas Glissendorf, Jules Atangana, and Sonja Butler, Department of Planning and Economic Development staff.

I. Approval of minutes September 21, 2012.

MOTION: *Commissioner Ward moved approval of the minutes of September 21, 2012. Commissioner Thao seconded the motion. The motion carried unanimously on a voice vote.*

II. Chair's Announcements

Chair Wencil had no announcements.

III. Planning Director's Announcements

Donna Drummond announced an upcoming event hosted by ULI MN on October 11th at Union Depot. It will focus on downtown Saint Paul and is called "Saint Paul on the Move". Scheduled speakers include Mayor Coleman, Commissioner Jim McDonough from Ramsey County, and Michael Langley, CEO of Greater MSP. The event will include tours of Union Depot and a reception. Commissioners are encouraged to attend if interested.

IV. PUBLIC HEARING: District del Sol Plan— Item from the Neighborhood Planning Committee. *(Kate Reilly, 651/266-6618)*

Chair Wencil announced that the Saint Paul Planning Commission was holding a public hearing on the District del Sol Plan. Notice of the public hearing was published in the Legal Ledger on August 23, 2012, and was sent to the citywide Early Notification System list and other interested parties.

Kate Reilly, PED staff talked briefly about the plan. The District del Sol Plan covers the area

around Robert and Cesar Chavez Streets. Sections of the plan cover policies ranging from natural landscape, water resources, and energy efficiency to public realm, transportation, community development, public art and historic preservation. The plan outlines goals and strategies for the commercial district and features land use objectives that are focused on properties at 430 South Robert and the Commercial Club site at 72 Cesar Chavez, both of which are slated for redevelopment in the near future. Also at the commissioner's place is a letter from District Energy St. Paul asking to be a part of the process as the plan moves forward.

Chair Wencil read the rules of procedure for the public hearing.

The following people spoke.

1. Elena Gaarder is Executive Director of the West Side Community Organization, the District 3 Planning Council. Their planning district includes the area that this plan addresses. She spoke in support of the plan. She stated that the plan positions this commercial district for future transitway investments, will bring added buying power to the commercial district through adding housing, and it respects the values and history of the area.
2. Karen Reid, Executive Director of Neighborhood Development Alliance, spoke in support of the plan. She and her organization were part of the planning process. Reid acknowledged the Riverview Economic Development Association for its great work to get this started and get it almost to the finish line. NeDA then stepped up to push it through. Ms. Reid recognizes Riverview Economic Development Association's efforts in getting this plan, which is the community's vision, to the City Council.

MOTION: *Commissioner Merrigan moved to close the public hearing, leave the record open for written testimony until 4:30 p.m. on Monday, October 8, 2012, and to refer the matter back to the Neighborhood Planning Committee for review and recommendation. Commissioner Noecker seconded the motion. The motion carried unanimously on a voice vote.*

V. Zoning Committee

SITE PLAN REVIEW – List of current applications. (Tom Beach, 651/266-9086)

Four items came before the Site Plan Review Committee on Tuesday, October 2, 2012:

- Gerdau, maintenance shop and lab additions at 1678 Red Rock Road.
- American Engineering testing, new testing lab building, revised plans at 5050 Cleveland Avenue North.
- Wedding Shoppe parking lot, new off site parking lot at 1212 Grand Avenue.
- Habitat for Humanity, new office building and parking lot at 1954 University Avenue West.

Two items to come before the Site Plan Review Committee on Tuesday, October 9, 2012:

- St. Anthony Green 3, 5 townhouse units (Site plan for 9 units was approved in 2006 and 4

units were built but approval of the original site plan has expired.) Located at 2314 Long Avenue.

- Form A Feed Fertilizer Facility, 63,200 sq. ft. facility with barge unloading operation and truck loading bays, 637 Barge Channel Road.

NEW BUSINESS

#12-098-382 Southview Senior Living – Conditional Use Permits for assisted living facility and to increase the surface parking maximum, and variance of alley access standard for residential property. 464-484 Ashland and 493-497 Holly SE corner at Mackubin Street. (Kate Reilly, 651/266-6618)

MOTION: *Commissioner Nelson moved the Zoning Committee's recommendation to approve the conditional use permit subject to additional conditions. The motion carried unanimously on a voice vote.*

#12-101-124 Twin City Tees – Enlargement of nonconforming use (limited production and processing) and variance of lot area coverage (35% maximum allowed; approximately 57% requested). 938 6th Street East SW corner at Forest. (Scott Tempel, 651/266-6621)

MOTION: *Commissioner Nelson moved the Zoning Committee's recommendation to approve the enlargement of nonconforming use and variance subject to additional conditions. The motion carried unanimously on a voice vote.*

#12-101-937 REEMO Gas and Convenience Store – Appeal by Raymond and Susan Cantu of a decision by the Zoning Administrator to approve the site plan for the relocation of the gas pumps and gas island at REEMO Gas and Convenience Store. 1200 Rice Street, SE corner at Maryland Avenue. (Corinne Tilley, 651/266-9085)

Commissioner Commissioners Thao and Noecker asked for clarification of the grounds for denial of the appeal.

Commissioner Nelson explained that the existing gas station/convenience store has a conditional use permit. At this point there is nothing that they are doing which triggers the requirement for getting a new conditional use permit. All they are doing is relocating their gas pumps.

Commissioner Noecker said so the site plan review was related to moving the pumps? The community wasn't involved because they didn't have to be involved since it wasn't a conditional use permit? She asked for clarification.

Commissioner Nelson provided additional background that there was community involvement earlier, when there was going to be a tear down and a new building, which would have required a new conditional use permit. With that not occurring, this is strictly a site plan review; the new conditional use permit is not needed and is no longer an issue. In essence, with this strictly being a site plan review for relocating some pumps, they had more than the minimum number of parking spaces. The site plan issue required them to twice prove what kind of truck could get access to deliver gas. In the end, the site plan was approved. The staff person, Corinne Tilley,

gave one of the best presentations that he has seen regarding laying out all the facts and the history of the case and defining all the issues.

Commissioner Ochs asked about next steps if this appeal is denied.

Commissioner Nelson said that the appellants can appeal this decision to the City Council.

Commissioner Ochs said that the Commission should not be a hindrance to the owners trying to keep the same type of business operating, even if they need to move their pumps or raze the building and construct new.

Commissioner Nelson said that by approving the denial of the appeal, the Commission will be allowing the owner to go forward with their operation. The appeal was by neighbors to deny the site plan that the owner was attempting to construct. By voting yes to this motion, the owner can maintain the existing building and relocate the pumps and maintain their business on the current site.

Commissioner Perrus commented that the Zoning Committee did hear a lot of testimony from the neighborhood, but what the owner is asking to do is code compliant. The neighborhood concerns were very general in nature. There was no specific testimony relating to traffic, there was no evidence that anything about this relocation would be detrimental to the safety of the neighborhood.

MOTION: *Commissioner Nelson moved the Zoning Committee's recommendation to deny the appeal. The motion carried unanimously on a voice vote.*

Commissioner Nelson announced the items on the agenda for the next Zoning Committee meeting on Thursday, October 11, 2012.

VI. Saint Paul's Neighborhood Stabilization Program: Update and Recent Accomplishments,
presentation by Joe Musolf, PED. *(Joe Musolf, 651/266-6594)*

Joe Musolf, PED staff, gave an informational presentation about the Saint Paul Neighborhood Stabilization Program (NSP), giving an update about recent accomplishments and what the completed rehabbed homes look like. Mr. Musolf said that in August 2008, the Housing Economic Recovery Act was passed, which included \$4 billion for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties. The federal Department of Housing & Urban Development (HUD) was asked to take the \$4 billion and figure out how to accomplish that. This program is not about foreclosure prevention; this money's intent was to help deal with the physical affects of vacancies due to foreclosure. HUD developed a program called the Neighborhood Stabilization Program, which addresses properties vacant due to foreclosure. Properties are either rehabilitated or demolished and redeveloped. This is a residential program, for either homeownership or rental, single-family or multi-family, and must reach at 120% of Area Median Income (AMI) or below, with a portion going to households at 50% AMI and below. In February 2009, the American Recovery and Reinvestment Act, known as the stimulus package, contained an additional \$2 billion for the Neighborhood Stabilization Program. A third allocation of \$1 billion occurred in July 2010 with Wall Street Reform and Consumer Protection Act for a total \$7 billion investment by the federal government in this major program.

The City of Saint Paul has received over \$31 million in NSP dollars in the form of five grants, three grants from the federal government and two grants through the State of Minnesota. Each of the five grants is different, with slightly different rules, different geography, different reporting requirements and different time frames. There are requirements to spend these dollars quickly, however the activities funded will generate program income so the City will be working with these funds over about a 10 year time period. Approximately \$21 million has been spent to date, and by Spring 2013 another \$8.5 to 9 million dollars must be spent.

The NSP started out heavy on acquisition and built an inventory of properties for the whole program. They are done with acquisition and now are concentrating on rehab. Next year they will sort out the plans for redevelopment. To date they have about 40 properties that are complete and sold, about 80 in rehab and there are about 70 vacant lots in "landbank". Mr. Musolf gave an example of a case, where a home on Ross Avenue was vacant and foreclosed. They purchased it for \$33,000 in January 2010. It was a 1600 sq. ft. house with four bedrooms and one bathroom. They are careful in the analysis of their acquisitions to ensure that they are purchasing homes that are structurally sound and can be rehabbed for a reasonable amount of money. They also pay special attention to the exterior appearance of homes because they want these homes to have a noticeable, visible stabilizing impact on the block. The completed homes have very high energy efficiency, and most of the homes meet what is called Home Performance with Energy Star standards, which means that they pay close attention to weatherization of the home and they rehab these homes in a manner that should leave the new home owner with little chance for any needed capital improvement in the home for a number of years.

The home on Ross Avenue was purchased for \$33,000, \$150,000 was spent on the rehab and a new garage, and the house was sold for \$130,000, so the gap financing provided through NSP was about \$65,000. The NSP funds are designed to fund that value gap, so typically they are leaving on average about \$75,000 in these homes, with the gap ranging from \$50,000 to \$100,000. Mr. Musolf showed several before and after pictures of a few of the rehabbed homes. For more information there are two web sites: www.stpaulcommunities.com is a site used as an external marketing face to all of the homes that are for sale, working with the traditional real estate broker, and www.stpaul.gov/nsp is the City's site with a lot of technical data about the program.

Commissioner Spaulding said that Mr. Musolf stated that the NSP funds could last for 10 years. Does he anticipate that the program would go at this level of activity for 10 years? With the level of need in the city more could be done. There is a lot of need and not the economic capacity within a lot of neighborhoods to meet the maintenance and upgrade needs of the housing stock. Are there any thoughts on if there is a way to continue this after the federal funds dry up?

Mr. Musolf replied that the NSP funds certainly do not address all of the need in terms of vacancies due to foreclosure. He mentioned that the rate of foreclosure in the city has been 1,000+ annually for the last few years. Musolf also explained that the level of Saint Paul NSP activity will slow down over the next couple years, because of the front-loaded nature of the plan. Nevertheless, program income is now coming in, and recycling of funds is starting to happen. He hopes these concentrated NSP investments will set the stage for other investment to follow into these same areas of the city.

Commissioner Ward asked for more detail on how the City plans to use the recaptured dollars as

the federal portion of the program winds down. Second, are there any data on the secondary economic impact of the dollars being spent on people who are swinging the hammers?

Mr. Musolf echoed his previous response, explaining that program income will be recycled back into the program, to continue to deal with the inventory the City has purchased for the program. The next phase of Saint Paul NSP work will focus on redevelopment of vacant lots. Regarding tracking, Mr. Musolf explained that there is a job creation and job retention reporting requirement for the funds that are connected with the Stimulus Package. He reminded the Commission that success with the program should be measured not only by number of houses rehabbed or built, but also by the number of jobs created and retained because of the spending. In terms of the economic impact of the work, this is harder to track, but City staff intends to try to figure this out. In fact, there is an obligation to measure some effects the work is having on the housing market.

Commissioner Edgerton asked what the total number of homes are planned to be redeveloped, because about \$75,000 net is put into each home and with 31 million dollars that's roughly about 400 homes that could be done, but that does not match the numbers shown on the slide.

Mr. Musolf acknowledged that one of the slides didn't add up correctly. He explained that an equation of \$75,000 gap per housing unit plus some administrative and other costs divided into \$31,000,000 should lead to at least 300 housing units being touched. He expressed that this is a fair estimate.

Commissioner Edgerton said then what is the City's investment, in addition to the \$31 million is there a City cost that goes into this?

Mr. Musolf replied no, that this grant is self contained. In other words, the grant comes with administrative funds to pay for staff time to carry it out.

Commissioner Edgerton said if some of those homes are going to be rentals, then who are the landlords? Are developers ending up being the owners and therefore the landlord and working with developers? What is their investment?

Mr. Musolf stated that the City is not developing and owning rental property. Rather, they have partnered with private for- and non-profit developers to do this work and to own these rentals. Mr. Musolf explained that the typical deal structure goes something like this: A value gap is established and that gap is left in the deal and will be forgiven at the end of the required period of affordability (15 years); 100% construction financing is provided, with the developer required to pay back the construction financing loan less the gap on an amortized annual payment basis. There is also a provision that requires the developer to share in any appreciation at the time of a future sale of the property.

Commissioner Edgerton asked if there are any requirements for maintaining the properties, making sure that these homes are maintained down the road.

Mr. Musolf explained that in the rental deals, because of the size of the mortgages, the developer does have a significant incentive to keep the property well maintained. Regarding the homeownership model, there is also a soft second mortgage in place in order to assure the property remains owner-occupied for a set amount of time. But, Mr. Musolf also pointed out that DSI has code enforcement tools as well.

Commissioner Noecker asked whether there are any private developers initially interested in acquiring the properties and if so, is the City entitled to bid for them or is there any kind of process to go through?

Mr. Musolf said no, if there are private investors able to purchase and rehabilitate any of these homes and make the financial equation work without subsidy, then the City doesn't need to be there. The City is only working on houses where a subsidy is necessary and does not compete with the private sector.

Commissioner Schertler observed that one of the challenges and reasons for the large value gap (leaving \$75,000 in a unit) is the multiple public purposes. You have probably higher than code energy efficiency improvements, there's always going to be historic preservation that shows up and rain gardens for stormwater management. Those types of things that the community wants is always going to add costs and people in the community are going to want this house to lead the market. It's just the scale of this challenge that is out there for urban redevelopment that is huge and this type of effort has been very successful for a long time. Commissioner Schertler has always wondered how many properties the City has touched more than once.

Mr. Musolf said it does happen. Every once in a while the City has purchased a home for the NSP program that had previously seen City investment.

Chair Wencil thanked Mr. Musolf for his presentation, saying that it was a valuable and very positive presentation that gave a lot of good feedback on what's happening.

Commissioner Nelson reminded the commissioners that they have seen a couple of these properties in front of them in the past regarding various zoning issues so the Commission has been impacting this program.

VII. Comprehensive Planning Committee

Commissioner Merrigan announced the item on the agenda for the next Comprehensive Planning Committee meeting on Tuesday, October 9, 2012.

VIII. Neighborhood Planning Committee

Chair Wencil announced the item on the agenda for the next Neighborhood Committee meeting on Wednesday, October 10, 2012.

IX. Transportation Committee

Commissioner Spaulding announced the next Transportation Committee meeting on Monday, October 8th has been cancelled and rescheduled to Monday, October 15, 2012.

X. Communications Committee

No report.

XI. Task Force/Liaison Reports

None.

XII. Old Business

None.

XIII. New Business

None.

XIV. Adjournment

Meeting adjourned at 9:55 a.m.

Recorded and prepared by
Sonja Butler, Planning Commission Secretary
Planning and Economic Development Department,
City of Saint Paul

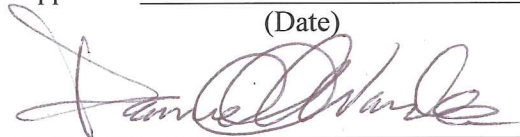
Respectfully submitted,



Donna Drummond
Planning Director

Approved October 19, 2012

(Date)



Daniel Ward II
Secretary of the Planning Commission

PED\Butler\planning commission\minutes\October 5, 2012